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October 15, 2008

Mr. Philip Guidice, Commissioner
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

RE: Comments Addressing RPS Class I, RPS Class II, APS and ACP

Dear Commissioner Guidice,

We write today to urge you to protect Massachusetts customers by holding their gas and electricity contracts inviolate as the department develops the state's new RPS Class I, RPS Class II, APS and ACP policies.

IntegrYS Energy Services ("IntegrYS") provides wholesale and retail electric and gas services and associated services and products throughout the United States and Canada. IntegrYS Energy Services is a wholly owned subsidiary of IntegrYS Energy Group, Inc., a diversified public utility. IntegrYS currently serves large commercial and industrial customers across the state of Massachusetts.

Integrity is a core value of our company. Customers who choose IntegrYS as a supplier do so because of our commitment to exceptional customer service, and the bedrock of our service is to keep commitments we have made. We are concerned that the new policies may force reconsideration of contracts that were negotiated prior to the implementation of the new rules. The new rules may impose additional costs on customers that were not included in the original price.

It is completely consistent with the intent of the Green Communities statute to grandfather existing contracts. The statute, which requires new rules be in place by January 1, does not explicitly address treatment of contracts negotiated before the new rules are implemented in Class I, but does in language addressing Class II and APS. Therefore, we urge you to address the issue by making clear the new rules will only address contracts entered into after Jan. 1, 2009 for all forms of energy addressed by this policy. We quote from the statute: "... Every retail electric supplier providing service *under contracts executed or extended on or after January 1, 2009*, shall provide a minimum percentage of kWhs sales to end-use customers in the commonwealth from

Class II renewable energy generating sources." (Emphasis added.) Similar language can be found in the APS section.

IntegrYS's concern for our customers and their contracts is not an attempt to elude the environmental stewardship intended by the state's new energy policies. To the contrary; IntegrYS is a leader in renewable energy. We generate 92 megawatts from a hydro plant in New Brunswick, Canada, just across the border from Maine; use 6.4 megawatts of green electricity from a landfill gas-to-electricity plant in Rockford, Ill; and produce electricity by cogeneration at the 95-megawatt Beaver Falls and 109-megawatt Syracuse plants in New York. We also offer customers biogas and carbon offsets at no additional cost in Ohio with our Ecovations product. We are completing one of the nation's largest university photovoltaic installations, a 1.6 megawatt project at Arizona State University. We also supply renewable gas (from landfills) to an ethanol plant in Malta Bend, Missouri, allowing it to replace 90 percent of the fossil fuels it previously used. In New York, commercial customers may enroll in our Renewables, Efficiency and Awareness (REA) Package, which provides electricity from renewable sources and offers rebates of up to \$2/megawatt hour for efficiency improvements. IntegrYS confirmed its commitment to green energy in March by creating a leadership position dedicated to promoting renewable energy, energy efficiency and conservation.

Providing that leadership, however, requires a robust retail market. IntegrYS wants to continue to grow as a retail electric provider, particularly as one known for its environmental responsibility. Equally important, we want retail energy access to grow. The competitive market will suffer if customers can't rely upon the contracts they have created with their suppliers.

Therefore, we respectfully request Department staff to apply the proposed RPS Class I, RPS Class II, APS and ACP policies only to contracts signed after the implementation of the new rules. We support the principles of the Green Communities Act and welcome the opportunity to participate in its programs. If, during the coming months, we may be of any assistance in helping the Department develop policies that protect our customers and promote the Green Communities goals, we stand ready and willing to help.

You are welcome to contact me at any time via phone (512-323-5393) or email (mllauderdale@integrysenergy.com).

Sincerely,

/s/ Melissa Lauderdale
National Regulatory Affairs Leader
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